Forest Service Fishlake National Forest Beaver Ranger District Fax (435) 438-1242 5/03//003 575 South Main, PO Box E Beaver, UT 84713 Phone (435) 438-2436

File Code: 2810

Date: November 2, 1999

Dan Proctor 951 East 830 South Pleasant Grove, UT 84062

Dear Mr. Proctor:

I am prepared to approve the Plan of Operations for the Deer Trail mine received on September 20, 1999, with the inclusion of my proposed changes. I have attached the changes to the plan (Part VI) for your review and concurrence. If you agree with the changes, the plan would be approved for a two year period. At the end of two years, the Forest Service and UNICO Inc. can review the progress of the operation and agree upon updating, reauthorizing, or terminating the Plan as appropriate. The current bond posted by UNICO Inc. is sufficient to cover the projected surface disturbance but may be adjusted in response to changes in the operation during the two year period, if necessary.

Your project description includes a discussion of proposed operations on the patented land northwest of the PTH tunnel. My approval will apply only to operations on National Forest System (NFS) land. The State Division of Oil, Gas and Mining has concurred with your proposed activities on NFS land and that agency will be soley responsible for authorization of your operations on the patented land.

Your plan also describes a need for water from the spring in Threemile Creek. This will require that you obtain an appropriate water right through the State Engineer's office. As would be the case in response to any water right application on NFS land, the Forest Service would ask for evidence and safeguards that National Forest water rights be preserved. In this case, protection of an existing livestock watering right would have to be guaranteed. If a water right were approved by the State Engineer, the Forest Service would then need to issue a special use authorization to allow transmission of the water across NFS land to its point of use.

Please review, sign, and return the plan if you agree with the modifications. Please call Steve Winslow if you would like to discuss the modifications or have any other questions.

Sincerely,

DAYLE R. FLANIGAN

District Ranger

Enclosure (1)

Cc: Lynn Kunzler; DOGM

Ray Brown, UNICO Inc.









PLAN OF OPERATION FOR MINING ACTIVITIES ON NATIONAL FOREST LANDS

| Submitted by | WAX | Geological Consul | but 09/10/99 |
|------------------|-------------------|-------------------|----------------|
| | Signature w Dan A | Procto: Title | Date |
| Plan Received by | | an Resource Spe | andist 9/20/99 |
| | Signature | Title | Date |
| | I. GENERAL II | NFORMATION | |

- A. Name of Mine / Project **Deer Trail Mine**
- B. Type of Operation Lode / Exploration / Development / Underground
- C. Is this a (new/continuing) operation? (In bold print)
- D. Proposed start-up date of operation August 01, 1996
- E. Expected total duration of this operation + 5 years
- F. If seasonal, expected date of annual reclamation / stabilization close-out N/A
- G. Expected date for completion of all required reclamation To be determined

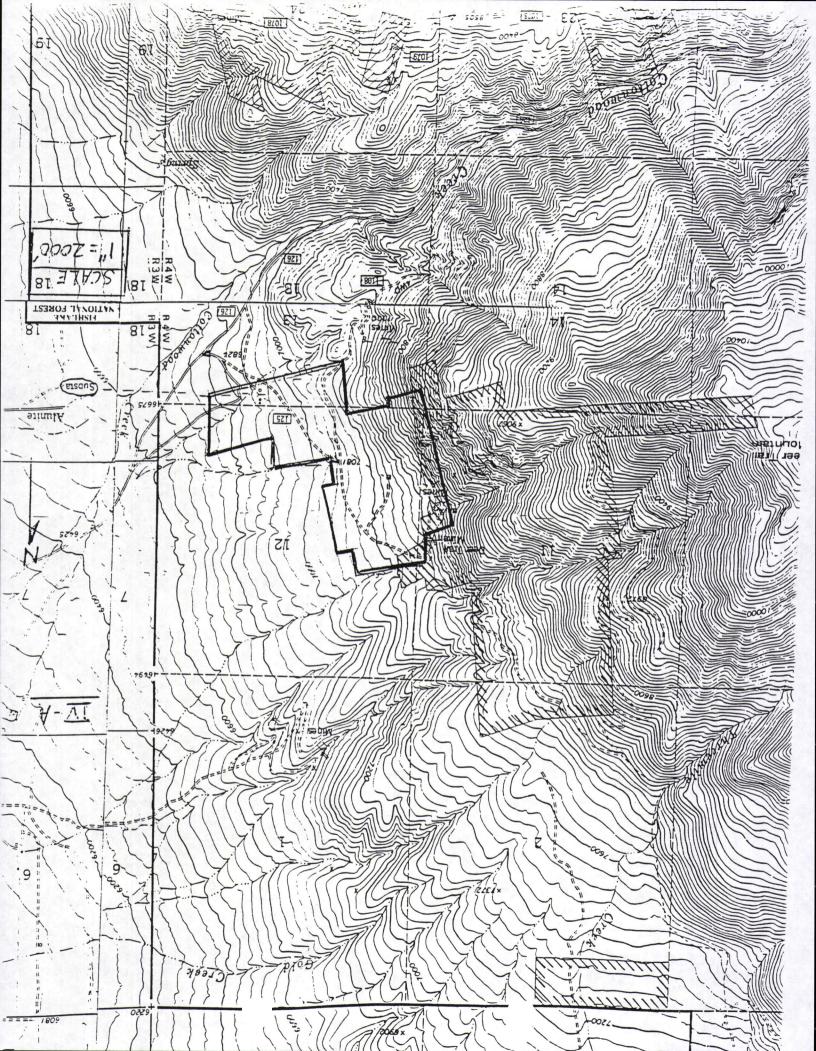
II. PRINCIPALS

- Α. Name, address and phone number of operator UNICO INC.. P.O. Box 777, Magalia, Calif. 95954, 530-873-3494
- B. Name, address and phone number of authorized field representative (if other than operator). Attach authorization to act on behalf of operator.
 - W. Dan Proctor, 951 East 830 South, Pleasant Grove, Utah 84062, 801-785-1115 (Confirm authorization from Ray Brown @530-873-4394)
- C. Name, address and phone number of owners of the claims (if different than operator):
 - FEHRPROP INC. 12900 Preston Rd., Suite 1112 LB6, Dallas, Texas 75230 214-386-7999

| ٥. , | | , address and pho ement with the or | number of any other ion, if applicable: | lessees, assigns, | nts, etc., and br | iefly describe their |
|-------------|---|--|---|--|--|--|
| · <u> </u> | N/A | | | · · · · · · · · · · · · · · · · · · · | | - |
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| | | | | RTY OR AREA | | |
| Na | me of cla | im, if applicable, and | d the legal land descrip | otion where the ope | ration will be cond | ucted. |
| МС | # | Name | | Section | Township [.] | Range |
| | ee att | ached sheet i | or the listing | of claims co | vering the p | roposed |
| | | on site. | | | | |
| | NOTE: | Most of the | claims are list | ed because t | hey cover ac | cess roads |
| | _ | not because | of any planned | surface exca | vations. | |
| | | | | | | |
| | | | IV. DESCRIPTION (| OF THE OPERATIO | N | |
| , | Service rais necessed and size will use the | oads will be used, where the construction of culverts, describe the access routes. | GS quadrangle map or needs such as roads a here maintenance or ruction, include construe maintenance plans, a | and trails, on and of econstruction is proceed on specifications and the type and size | f the claim. Specil oposed, and where such as widths, gr es of vehicles and | y which Forest new construction ades, etc., location equipment that |
| | | | uire the use of | | | |
| numbe | ered 1 | 25 and 126 as | located in Sec | tions 12 and | 13, T. 28-S | ., R. 4 W. |
| These | roads | currently re | equire no addit | ional constru | ction activi | ity. Any |
| maint | enance | would be for | the purpose o | f keeping the | area of use | in a state |
| of go | od rep | pair. The roa | ds will be used | d by light tr | ucks up to o | ne ton size |
| po po | onds, stre | eam channels and n | w location and layout of size and kind of all su un-off diversions, wasto acreage, amounts, loca | Mace disturbances | such as trenches, | 14 |
| | | | tch of mine lay | | | support |
| | | | np. All struct | | | |
| | | | ation/mining pr | | are no know | |
| spring | s on t | the listed cla | ims. Also, no | streams or p | | |
| | | | | | | |

. ITEM III - PROPERTY (REA

| <u>MC#</u> | CLAIM NAME | SECTION | TOWNSHIP | RANGE |
|------------|-------------------------|---|--|------------------------------|
| 95750 | Portal No. 1 | S.E. 1/4, Section 12 | 2, Township 28 South | ı, Range 4 West |
| 95751 | Portal No. 2 | • | 3, Township 28 South 2, Township 28 South | , , |
| 95731 | Red Knoll | • | 3, Township 28 South 2, Township 28 South, | |
| 95697 | Gorge | N.E. 1/4, Section 13 | 3, Township 28 South | , Range 4 West |
| 95610 | Crest | | 2, Township 28 South 2, Township 28 South | • |
| 95600 | Cliff No. 1 | S.W. 1/4, Section 12 | 2, Township 28 South | , Range 4 West |
| Patented? | Cliff No. 41 | N.E. 1/4, Section 14, - S.E. 1/4, Section 11, | , Township 28 South, , Township 28 South, , Township 28 South, , Township 28 South, | Range 4 West Range 4 West |
| 95714 | Lower Contact | S.W. 1/4, Section 12, | Township 28 South, | Range 4 West |
| 95752 | Slope No. 1 | S.W. 1/4, Section 12, | Township 28 South, | Range 4 West |
| 95753 | Slope No. 2 | S.W. 1/4, Section 12, N.W.1 /4, Section 12, | • | • |
| 95701 | Hidden Treasure Amended | S.W. 1/4, Section 12, S.E. 1/4, Section 11, | | |
| 95635 | Deer Trail No. 42 | S.E. 1/4, Section 12, S.W. 1/4, Section 11, | | _ |
| 95726 | Mountain Chief Amended | S.W. 1/4, Section 12, 7 N.W.1/4, Section 12, 7 | • | _ |



C. Project Description. Describe all aspects of the operation including mining, milling, and exploration methods, materials, equipment, workforce, construction and operation schedule, power requirements, how clearing will be accomplished, topsoil stockpiled, waste rock placement, tailings disposal; proposed number of drill holes and depths; depth of proposed suction dredging, and how gravels will be replaced, etc. Calculate production rates of ore Include justification and calculations for settling pond capacities and, size of runoff diversion channels.

Continued exploration and development work will be performed on the property. The bulk of the activity will be done underground. Underground access will be the PTH Tunnel (lower mine area, located mining claims), No. 2 and No. 3 Tunnels (upper mine area, patented mining claims), and others yet to be determined. A small screening plant and crusher is contemplated to be used at the upper patented area. To be used in conjunction with conventional gravity operation concentrating equipment, i.e., "Wiffley Table" gold bowl, and spirals.

Small lots of bulk samples will be produced from the PTH Tunnel for continual testing and metallurgical work-up. No more than 2,000 tons of waste rock will be produced per year of operation. All ores will be shipped off the property for further refinement and settlement. A small work force of no more than 10 people will be required.

The present buildings and facilities are needed for the operation and will be utilized for shops, storage, office, equipment and stationary compressor housing. No other buildings are contemplated at the present time. All scrap metal will be placed in a secured location on the premises until such time that it can be removed and sold for salvage including the old air receiving tank located at the upper area. The old "out house" west of the PTH portal will be removed and that area reclaimed.

Some water will be needed for shower facilities, septic system, mining purposes, and dust control measures. Also, at the upper patented area water will be required for use with the gravity concentration equipment and dust control as well. It is proposed that the water will come from the Three Mile Canyon spring via the Forest Service pipeline (if approved). The exact amount of water needed for the operation has not been calculated at present. However, consumption should be less than 15,000 gallons per week. A recycled water pond will be constructed and utilized in junction with the concentrating equipment at the upper patented area. This is to conserve on the amount of water taken from the pipeline source. Tailings from this operation will be placed in a proposed new tailing and settling pond on the exiting location of the old mill tails. The new tails will be covered with the soil excavated from the new pond at the end of operations. This soil will be stockpiled at the location.

Drainage during runoff events has been in place for over 20 years and appears to be very effective for its intended use. Ores that may from time to time be stored on the surface prior to shipping will be bermed in order to contain any rain or snow melt from migrating from the storage location.

No surface drilling has been planned at the present time for the operation. However, in the event surface drilling becomes necessary all permits will be obtained prior to drilling.

| • | wash plant, mill, etc.). ude: sizes, capacity, frequency of use, |
|----|---|
| | The existing stationary diesel compresssors, mine cars, and trammer |
| | motor (electric), one small one ton water truck. These items |
| | would most likely be used on an everyday basis during an underground |
| | exploration/mining operation. 2 dump Trucks, 1-4x4 vechile, |
| | up to 2 Front ENDLOADERS, 1- Screening plant, Crushing unit. |
| | gravity seperation equipment (see page 3) |
| | E. Structures. Include information about fixed or portable structures or facilities planned for the operation. Show locations on the map. Include such things as living quarters, storage sheds, mill buildings, thickener tanks, fuel storage, powder magazines, pipe lines, water diversions, trailer, sanitation facilities including sewage disposal, etc. Include engineering design and geotechnical information for project facilities, justification and calculations for sizing of tanks, pipelines and water diversions, etc. |
| _ | See attached sheet for building locations and uses. |
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| | V. ENVIRONMENTAL PROTECTION MEASURES (SEE 36 CFR 228.8) |
| ١. | Air Quality. Describe measures proposed to minimize impacts on air quality such as obtaining a burning permit for slash disposal or dust abatement on roads. |
| _ | Necessary permits will be obtained before burning. Road travel will |
| | be minimal; but, when necessary, the water truck will sprinkle |
| | used roadways and other work areas for dust abatement. |
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- or management practic o be used to minimize water quality in ts and meet applicable standards.
- State whether watu. _ to be used in the operation, and describe the quantity, source, methods and design of diversions, storage, use, disposal, and treatment facilities. Include assumptions for sizing water conveyance or storage facilities.
- 2. Describe methods to control erosion and surface water runoff from all disturbed areas, including waste and tailings dumps.
- 3. Describe proposed surface water and groundwater quality monitoring, if required, to demonstrate compliance with federal or state water quality standards.
- Describe the measures to be used to minimize potential water quality impacts during seasonal closures, or for a temporary cessation of operations.
- If land application is proposed for waste water disposal, the location and operation of the land application system must be described. Also describe how vegetation, soil, and surface and groundwater quality will be protected if land application is used.
- Water is used in any mining operation for drilling, compressor coolant, storage for personal hygiene.
- 2. Waste on tailings dumps are stabilized and contained.
- 3. No surface water, springs, or other underground water is fond on the subject lands.
 4. N/A
- 4. N/A any contemplated punds will be properly lined.
- C. Solid Wastes. Describe the quantity and the physical and chemical characteristics of solid waste produced by the operation. Describe how the wastes will be disposed of including location and design of facilities, or treated so as to minimize adverse impacts.

No solid wastes will be produced. Chemical wastes will consist mainly of used motor oil and lubricates that will be disposed according to State and/or Federal requirements.

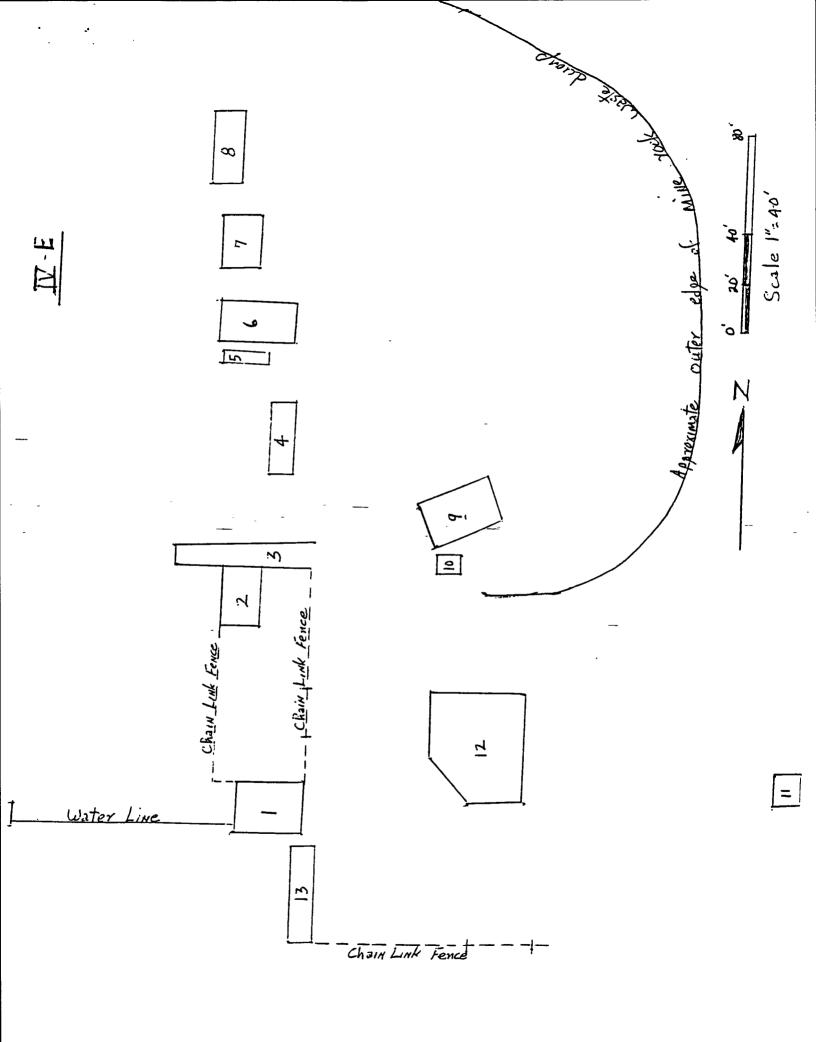
D. Scenic Values. Describe protection of scenic values such as screening, slash disposal, or timely reclamation.

Allowing natural vegetation to grow, re-seeding where advisable. When
the operation finally concludes: then, contouring of mine dumps and
final re-seeding will take place.

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| and | will | not | impact | , ir | n an | adve | rse way, | fisl | herie | s, wil | dlife, | or | their | |
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| F. (| Cultural F sites in th | R eso u e proj | r ces. Des ect area. | scribe | measu | ires for | protecting | known | historic | and arch | eological | valu | es, or new | |
| Ther | re are | no l | cnown c | ulti | ural | reso | urces i | n the | mini | ng are | a or t | he | waste | |
| dump | locat | ion. | | | | | | | | | | | | |
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Describe the measu



IV-E. STRUCTURES

All of the structures listed below have a near proximity to the PTH mine operation and are all used and needed for the proposed exploration and mining project. This need includes the power lines running from the transformer station (Refer to No.12, below) to the "E" Raise where the lines are taken underground.

- Cinder Block with Concrete Floor. Change/Shower/Restroom Building - Required by OSHA
- Tin Exterior with Concrete Floor. Machine Shop/Parts
- Tin Covered Shed Covering Mine Portal
- 4. Tin Covered Building
 Supply Storage includes 50 gal drums of oil, and lubricants, drill machines
- Transformer Platform
 Supplies power needs to compressors and shop areas.
- 6. Tin Covered with Concrete Floor Compressor Building houses the mine compressors.
- 7. Tin Covered Building Machine parts storage.
- 8. Wooden Structure (two rooms) with Wood Floor Office area and drill core/sample storage
- 9. Tin Covered Building with Concrete Floor
 Storage of electric trammer motors and mine lights charging facility.
 Small parts workshop.
- Tin Covered Shed
 Contains the generator for charging motors and lights.
- 11. Tin and Wood Structure (heavy construction) For security storage.
- 12. Transformer Station Surrounded by High Chain Link Fence Supplies power to the entire mine operation (Surface and Underground).
- 13. 10' x 40' Mobile Trailer

 This facility will likely become the main mine office with telephone, mapping facilities, computer center.
- 14. Water Storage Tank Supplies water for personal hygiene use and as a first effort against possible fire occurrence.

| B. | Bond. Reclamation of all disturbances connected with this plan of merations is covered by Reclamation |
|----|---|
| | renormance Bond No. 03-005, dated 3/2/97 , signed by (Brown (Principal) and |
| | |
| | guarantee of faithful performance with the terms and conditions listed below, and with the reclamation |
| | requirements agreed upon in the plan of operations. This Reclamation Performance Bond also extends to and includes any unauthorized activities conducted in connection with this operation. |

The bond amount for this Reclamation Performance Bond was based on a bond calculation worksheet. The bond amount may be adjusted during the term of this proposed plan of operations in response to changes in the operations or to changes in the economy. Both the Reclamation Performance Bond and the bond calculation worksheet are attached to and made part of this plan of operations.

Should the bond delivered herewith, or any bond delivered hereafter in connection with this plan of operations, no longer be in effect, the operator shall, within 30 calendar days of receipt of the Forest Service demand, furnish a new bond satisfactory to the Forest Service. Until such time that a satisfactory bond is received by the Forest Service, no further operations other than reclamation activities will be allowed.

Acceptable bond securities (subject to change) include:

- 1. Negotiable Treasury bills and notes which are unconditionally guaranteed as to both principle and interest in an amount equal at their par value to the penal sum of the bond; or
- 2. Certified or cashier's check, bank draft, Post Office money order, cash, assigned certificate of deposit, assigned savings account, blanket bond, or an irrevocable letter of credit equal to the penal sum of the bond.

TERMS AND CONDITIONS

- A. If a bond is required, it must be furnished before approval of the plan of operations.
- B. Information provided with this plan marked confidential will be treated in accordance with the agency's laws, rules and regulations.
- C. Approval of this plan of operations does not constitute certification of ownership to any person named herein and/or recognition of the validity of any mining claim named herein.
- D. Approval of this plan does not relieve me of my responsibility to comply with other applicable state or federal laws, rules or regulations.
- E. If previously undiscovered cultural resources (historic or prehistoric objects, artifacts, or sites) are exposed as a result of operations, those operations will not proceed until notification is received from the Authorized Officer that provisions for mitigating unforeseen impacts as required by 36 CFR 228.4(e) and 36 CFR 800 have been complied with.
- F. This plan of operations has been approved for a period of ______ or until ______. A new or revised plan must be submitted in accordance with 36 CFR part 228, subpart A, if operations are to be continued after that time period.

OPERATING PLAN ACC_-TANCE:

| modifications, special mitigation, and reclamation requirements. I/We until the Authorized Officer in charge gives written approval of the re- | 9 understand that the hand will not be and |
|--|--|
| | • |
| Operator (or Authorized Representative) | (Date) |
| OPERATING PLAN APPROVAL: | |
| (Name) | (Title) |
| (Authorized Officer) | (Date) |

I/We have reviewed and agree to comply with all conditions in this plan of operations including the required change

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office of Management Budget, Paperwork Reduction Project (OMB #0596-0022), Washington, D.C. 20503.

RECLAMATION BOND WORKSHEET

for UNICO, Inc. DEER TRAIL MINE (PTH) Plan No. 040803-97-1

I. EQUIPMENT AND MOBILIZATION COSTS

Description: Type and hourly rate of heavy equipment needed to accomplish reclamation. Move-in and move-out (roading) costs Hourly operating costs were used to estimate reclamation costs in parts II and III.

| | | Operating Cost (per hour) | | 1 | e-in & e-out Cost |
|---|---|------------------------------|-------|----|----------------------|
| Track-mounted Excavator (Backhoe) 1.5 cu.yd. capacity | S | 75.00 | | \$ | 160 |
| Loader, wheel type, 4-wd, 2.5 cu.yd . capacity | S | 45.00 | | \$ | 160 |
| Dump Truck, 12-18 cu.yd. capacity | S | 45.00 | | \$ | 105 |
| | | | Total | \$ | 425 |

II. REMOVAL OF SURFACE STRUCTURES AND EQUIPMENT

Description: Remove 11 buildings/structures including one trailer. Remove and dispose of the contents of the buildings. Demolish buildings and footings and haul all debris to a sanitary landfill. Load all other surface debris, including metal and wood material and machinery and haul to landfill. Excavate and remove water storage tank. Remove and dispose of chain link fence. Remove transformer substation and power line from the substation to the "E" Raise. Salvage material, equipment, and machinery when practicable.

| | Unit Cost | No. of Units | Total |
|--------------------------|-------------------|--------------------|---------------|
| Buildings | \$2.75 per sq. ft | 11 @ 3.900 sq. ft. | \$ 10,725 |
| Power Line & Substation | | 3,000 feet | \$ 3,500 |
| House Trailer | | 1 | \$ 300 |
| Chain Link Fence | | 370 feet | \$ 350 |
| Water Storage Tank | | 1 | \$ 250 |
| Labor: demolition & loau | \$14 00 per hour | 40 hours | \$ 560 |
| | | Total | \$ 15,685 |

III. SURFACE RECLAMATION - REVEGETATION

Description: Contour and reshape the ground surface to blend in with surrounding terrain after facilities are removed. Close and recontour portals and remove access roads into PTH portal and into "E" Raise portal (from junctions with Forest Road 125) Scarify all compacted surfaces Assumes use of track-mounted excavator at \$75 per hour to accomplish all work Seed with Forest Service approved seed mix; fertilize

| | Unit Cost | No. of Units | Total |
|---|--|--------------|----------|
| Contour, reshape, scarify around buildings; close portals | \$800 per acre | 1.3 acres | S 1,040 |
| Contour, obliterate access roads | \$2,600 per mile | 0 5 miles | S 1,300 |
| Seeding | Seed: 26 lbs/acre @ \$1 50/pound | 2.0 acres | \$ 75 |
| Fertilizing | Fertilizer: 200 lbs/acre @\$0.10/pound | 2.0 acres | S 40 |
| Labor Seeding and fertilizing | S14.00 per hour | 6 hours | \$ 84 |
| | | Total | \$ 2,539 |

IV. SUMMARY

| ITEM | T | OTAL | |
|--------------------------------------|----|--------|--|
| Equipment Mobilization | \$ | 425 | |
| Removal of Structures and Equipment | \$ | 15,685 | |
| Surface Reclamation and Revegetation | \$ | 2,539 | |
| Subtotal | \$ | 18,649 | |
| Administrative Costs (5% of total) | s | 932 | |
| Grand Total | S | 19.581 | |

ounded to nearest \$100)

V The bond amount may be periodically reviewed and adjusted to compensate for completed reclamation work, change in equipment rental rates, wage rate scale, or increased scope of the coration. Should collection of the bond be required, actual cost and methods may be different than those described. If actual costs are greater than the amount of the bond, the Forest Service may request compensation. If the bond amount is greater than the reclamation work performed, a refund will be given.

WORKSHEET PREPARED BY

DATE 3/5/97

REVIEWED BY.

DATE <u>3/24/91</u>

Notes:

- References Used
 - Cost Estimating Guide for Road Construction, Region 4 Division of Engineering Forest Service, 1995
 - Heavy equipment cost provided by local operator
 - Estimated cost for removal of power line and transformer substation provided by Utah Power and Light. Richfield. Utah

VI. FOREST SERVICE EVALUATION OF PLAN OF OPERATIONS

- A. Required changes/modifications/special mitigation for plan of operations:
- 1. Waste rock will be placed along the south and southeast sides of the existing waste dump. Rock will be dumped over the rim and allowed to settle at its angle of repose to the toe of the dump. It is estimated that approximately 15,000 square feet of dump surface area will be covered by the 2,000 tons of waste rock to be removed from the mine during the first year.
- 2. The operator will not excavate or disturb the waste dump area other than by the dumping mentioned above, unless authorized by the Forest Service.
- 3. At final reclamation, any piles of waste rock or berms on top of the dump will be bladed and pushed over the edge of the dump to provide as uniform a surface as possible.
- 4. No new buildings would be constructed under this phase of the mining operation.
- 5. Approval of this plan by the Forest Service does not authorize the use of water for mining purposes. Use of water for the operation will require the exercise of a water right approved by the State Engineer.

| ACCEPTANCE OF MODIFICATIONS: | | | |
|---|--------|--------------|-------------|
| | | | · · · · · · |
| Operator (or Authorized Representative) | (Date) | - | |